



House of Representatives

General Assembly

File No. 394

January Session, 2005

Substitute House Bill No. 5304

House of Representatives, April 18, 2005

The Committee on Planning and Development reported through REP. WALLACE of the 109th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES FOR MUNICIPALITIES WITH NONPROFIT SKILLED NURSING FACILITIES, MUNICIPAL REIMBURSEMENT FOR COSTS IN RESPONSE TO TRANSMISSION LINE UPGRADE PROPOSALS AND PARKLAND LOCATED IN TWO MUNICIPALITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-20a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005*):

3 (a) (1) On or before January first, annually, the Secretary of the
4 Office of Policy and Management shall determine the amount due to
5 each municipality in the state, in accordance with this section, as a
6 state grant in lieu of taxes with respect to real property owned by any
7 (A) private nonprofit institution of higher learning, [or any] (B)
8 nonprofit general hospital facility, [or] (C) free standing chronic
9 disease hospital, [or an] (D) urgent care facility that operates for at
10 least twelve hours a day and that had been the location of a nonprofit

11 general hospital for at least a portion of calendar year 1996, or (E)
12 nonprofit skilled nursing facility to receive payments in lieu of taxes
13 for such property, exclusive of any such facility operated by the federal
14 government, except a campus of the United States Department of
15 Veterans Affairs Connecticut Healthcare Systems, or the state of
16 Connecticut or any subdivision thereof.

17 (2) As used in this section "private nonprofit institution of higher
18 learning" means any such institution, as defined in subsection (a) of
19 section 10a-34, or any independent college or university, as defined in
20 section 10a-37, that is engaged primarily in education beyond the high
21 school level, and offers courses of instruction for which college or
22 university-level credit may be given or may be received by transfer,
23 the property of which is exempt from property tax under any of the
24 subdivisions of section 12-81; "nonprofit general hospital facility"
25 means any such facility which is used primarily for the purpose of
26 general medical care and treatment, exclusive of any hospital facility
27 used primarily for the care and treatment of special types of disease or
28 physical or mental conditions; [and] "free standing chronic disease
29 hospital" means a facility which provides for the care and treatment of
30 chronic diseases, excluding any such facility having an ownership
31 affiliation with and operated in the same location as a chronic and
32 convalescent nursing home and "skilled nursing facility" shall have the
33 same meaning as "skilled nursing facility", as defined in Section 1395x,
34 Chapter 7 of Title 42, United States Code.

35 (3) As used in this section and section 12-20b, "municipality" means
36 any town, consolidated town and city, consolidated town and
37 borough, borough, district, as defined in section 7-324, and any city not
38 consolidated with a town.

39 (b) The grant payable to any municipality under the provisions of
40 subsection (a) of this section in the state fiscal year commencing July 1,
41 1999, and in each fiscal year thereafter, shall be equal to seventy-seven
42 per cent of the property taxes which, except for any exemption
43 applicable to [any such institution of higher education or general

44 hospital facility] such real property under the provisions of section 12-
45 81, would have been paid with respect to such exempt real property on
46 the assessment list in such municipality for the assessment date two
47 years prior to the commencement of the state fiscal year in which such
48 grant is payable. The amount of the grant payable to each municipality
49 in any year in accordance with this section shall be reduced
50 proportionately in the event that the total of such grants in such year
51 exceeds the amount appropriated for the purposes of this section with
52 respect to such year.

53 (c) Notwithstanding the provisions of subsection (b) of this section,
54 the amount of the grant payable to any municipality under the
55 provisions of this section with respect to a campus of the United States
56 Department of Veterans Affairs Connecticut Healthcare Systems shall
57 be as follows: (1) For the fiscal year ending June 30, 2007, twenty per
58 cent of the amount payable in accordance with [said] subsection (b) of
59 this section; (2) for the fiscal year ending June 30, 2008, forty per cent of
60 such amount; (3) for the fiscal year ending June 30, 2009, sixty per cent
61 of such amount; (4) for the fiscal year ending June 30, 2010, eighty per
62 cent of such amount; (5) for the fiscal year ending June 30, 2011, and
63 each fiscal year thereafter, one hundred per cent of such amount.

64 [(d) As used in this section and section 12-20b, the word
65 "municipality" means any town, consolidated town and city,
66 consolidated town and borough, borough, district, as defined in
67 section 7-324, and any city not consolidated with a town.]

68 Sec. 2. (NEW) (*Effective from passage*) The applicant for any facility
69 described in subdivision (1) of subsection (a) of section 16-50i of the
70 general statutes shall reimburse each municipality participating in
71 proceedings before the Connecticut Siting Council on the application.
72 The amount of the reimbursement shall cover the reasonable costs of
73 such participation, as determined by the Department of Public Utility
74 Control.

75 Sec. 3. (NEW) (*Effective October 1, 2005, and applicable to assessment*
76 *years commencing on or after October 1, 2005*) Notwithstanding any

77 provision of the general statutes, no municipality shall be required to
78 make a property tax payment or payment in lieu of taxes to an adjacent
79 municipality with respect to any real property, and related
80 improvements and personal property thereon, that is parkland, owned
81 by the municipality liable for such payment and located in the adjacent
82 municipality, provided such parkland is open to the residents of the
83 adjacent municipality under the same terms and conditions as the
84 residents of the municipality that owns the parkland.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005</i>	12-20a
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>October 1, 2005, and applicable to assessment years commencing on or after October 1, 2005</i>	New section

PD *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Policy & Mgmt., Off.	GF - See Below	See Below	See Below
Public Utility Control, Dept.	CC&PUCF - None	None	None

Note: GF=General Fund; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	Revenue Impact	See Below	See Below

Explanation

Section 1 makes municipalities with nonprofit skilled nursing homes eligible for payments in lieu of taxes (PILOT) for private college and hospital properties, which reimburses 77% of the tax loss. Making this category of facilities eligible, would require significant resources to fully fund the PILOT. However, under current law, if appropriations are insufficient to fully fund the grants, all grants are proportionately reduced. This would result in a significant shift in municipal grants, as towns currently reimbursed under the college and hospital grant would experience a potentially significant revenue decrease, and towns with nonprofit skilled nursing facilities would experience a potentially significant revenue gain.

Section 2 of the bill requires applicants for Siting Council certificates for electric transmission lines to reimburse each municipality participating in the Siting Council proceedings. This would result in a revenue gain for various municipalities. The bill also requires the Department of Public Utility Control (DPUC) to determine the reasonable costs of such participation. It is anticipated that DPUC will be able to determine the reasonable costs of such participation

within available resources.

Section 3 exempts municipalities from having to pay property taxes or make payments in lieu of taxes on parkland in an adjacent municipality, as long as the parkland is open to residents of the adjacent municipality. This may result in a cost savings to the municipality that would otherwise have been liable for property tax or PILOT payment, and a corresponding revenue loss to the municipality with such parkland.

OLR Bill Analysis

sHB 5304

AN ACT CONCERNING PAYMENTS IN LIEU OF TAXES FOR MUNICIPALITIES WITH NONPROFIT SKILLED NURSING FACILITIES, MUNICIPAL REIMBURSEMENT FOR COSTS IN RESPONSE TO TRANSMISSION LINE UPGRADE PROPOSALS AND PARKLAND LOCATED IN TWO MUNICIPALITIES**SUMMARY:**

The bill makes municipalities with nonprofit skilled nursing facilities eligible for payments in lieu of taxes (PILOTs) grants under the colleges and hospitals program. Under the bill, a skilled nursing facility is one that provides skilled nursing care or rehabilitative services to residents and meets certain other requirements. Under the program, municipalities receive 77% of the revenue they would have received for the property two assessment years before the grant year had it not been exempt. If the amount of grants payable to eligible municipalities exceeds the amount appropriated for this program, each municipality's grant must be reduced proportionately. Under the program, municipalities include towns, cities, and boroughs (whether consolidated with towns or not), and special districts.

The bill exempts municipalities from having to pay property taxes or make PILOTs with respect to real property in an adjacent municipality that is parkland, so long as the parkland is open to residents of the adjacent municipality under the same terms and conditions as to residents of the municipality that owns the parkland.

The bill requires applicants for Siting Council certificates for electric transmission lines to reimburse each municipality participating in the Siting Council proceedings. The amount of reimbursement must cover the reasonable costs of such participation, as determined by the Department of Public Utility Control. Since (1) the bill appears to be prospective in nature and (2) the Siting Council has granted certificates for the Phase I (Bethel-Norwalk) and Phase II (Norwalk-Middletown) transmission line applications, it does not appear that this provision would apply to these projects.

EFFECTIVE DATE: Upon passage for the Siting Council provision; July 1, 2005 for the nursing home PILOT provisions; and October 1, 2005 for the parkland provision, and applicable to assessment years starting on or after that date.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 1